

# **Fiscal Services Division**

## **Legislative Services Agency**

### **Fiscal Note**

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HF 800 - Bottle Law (LSB 1444 HV)

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Fiscal Note Version - New

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#### **Description**

House File 800 makes changes related to the Beverage Container Control Act. The changes include:

- Designates that agreements between an approved redemption center and a distributor are confidential documents.
- Allows redemption centers and distributors to negotiate a handling fee for beverage containers, but specifies if the negotiated amount is different from the one cent handling fee, the negotiated amount will apply to all approved and unapproved redemption centers the distributor conducts business with.
- Specifies that redemption centers approved by the Department of Natural Resources (DNR) should be safe and accessible to customers and employees.
- Allows an approved or unapproved redemption center to negotiate their terms of service with a dealer and a distributor.
- Requires distributors to file an annual report to the DNR, detailing the number of beverage containers sold and redeemed during the calendar year.
- Requires the DNR to issue an annual report to the General Assembly, summarizing the information submitted by the distributors on beverage containers sold and redeemed.
- Creates a Beverage Container Task Force and specifies the membership. Specifies a final report detailing the Task Force's recommendations will be submitted to the Governor and the General Assembly by January 1, 2010.

#### **Background**

The Beverage Container Control Act was enacted by the 1978 General Assembly with the objective to control litter along roadways in Iowa. Annual estimates of the number of containers and funds involved with the "Bottle Bill" are:

- 1.923 billion containers are sold each year.
- 1.655 billion containers are redeemed (86.1% of the 1.923 billion containers).
- The distributor collects \$96.2 million from the retailer when the beverages are delivered. The retailer collects \$96.2 million from customers purchasing beverages.
- \$82.8 million is returned to the customer when 86.1% of the containers are returned.
- \$16.6 million is paid by the distributor for the one-cent handling fee to the retailer or redemption center.
- \$13.4 million is maintained by the distributor from unclaimed deposits.

#### **Assumptions**

- The DNR estimates that the additional Department duties can be managed by existing staff with minimal additional expense.
- The actual number of redemption centers that will negotiate a handling fee that is different from one cent is unknown. The Bill allows the handling fee to be increased or decreased and the following table illustrates these changes:

### Beverage Container Handling Fee

Description	Current Law	Increase Fee	Decrease Fee
Handling Fee Paid by Distributor	\$ 0.01	\$ 0.02	\$ 0.005
Containers Redeemed	1,655,295,567	1,655,295,567	1,655,295,567
Total Handling Fee Paid by Distributor	<u>\$ 16,552,956</u>	<u>\$ 33,105,911</u>	<u>\$ 8,276,478</u>

### **Fiscal Impact**

The fiscal impact of HF 800 is estimated to be minimal to the DNR.

The fiscal impact of changing the container refund fee cannot be determined due to insufficient information.

### **Source**

Department of Natural Resources

/s/ Holly M. Lyons

March 20, 2007

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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